

**Attachment A**

**CalPERS  
OFFICE OF ENTERPRISE COMPLIANCE  
Staffing Plan  
June 2006**

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**Introduction**

At the request of the Chairman Finance Committee, the Office of Enterprise Compliance was directed to prepare a five year staffing plan. The following outlines current and projected staffing needs for the Office of Enterprise Compliance.

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## **Office of Enterprise Compliance Staffing Overview**

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**Staffing  
Overview**

- December 2003 – The Finance Committee directed staff to develop a plan to establish a formal compliance effort at CalPERS.
  - April 2004 – As outlined in the *Enterprise Compliance Concept Paper*, the Chief Compliance Officer (CCO) was created and resourced.
  - December 2004 – the CCO was appointed.
  - July 2005 – The Office of Enterprise Compliance received approval for two permanent staff and the duty statements for the Compliance Area Manager (CAM) for Investments and the Executive Secretary were developed and approved.
  - December 2005 – An FBR was submitted by the CCO and two additional positions have now been approved. The CAM for Health and the CAM for Pension & Retirement (as of FY 06/07).
  - February 2006 – Recruitment efforts for the Executive Secretary position were conducted over a seven month timeframe. Due to the challenges of recruitment and selection experienced with this classification, other options to fill the position were evaluated.
  - March 2006 – The Executive Secretary position was reclassified both to draw a larger and better qualified candidate pool but also to reflect the additional analytical support duties that this position will perform.
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## Current Staffing

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### Filled Positions

Position	Staff	Appointment Date
Chief Compliance Officer	Sherry Johnstone	December 9, 2004
Assistant Division Chief	Sue Kane	February 1, 2006
Administrative & Analytic Support Analyst (SSA)	Elizabeth Parkman	June 1, 2006

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### Vacant Positions

Position	Recruitment Target
Compliance Area Manager for Health	Second Quarter 2006
Compliance Area Manager for Investments	Second Quarter 2006
Compliance Area Manager for Pension*	Fourth Quarter 2006
<b>Current Organizational Chart – See Attachment A - 1</b>	

\* Budget authority was approved to create during the fiscal year 2006-2007

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### Recruitment Status

Position	Recruitment Status
Compliance Area Manager for Health	Interviews in May 2006
Compliance Area Manager for Investments	Advertised in May 2006

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## Planned Program Development – Short Term

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### **Short Term Development**

- The Compliance Area Managers will begin working collaboratively with subject matter and program experts in each business line to assess risk and identify compliance roles and responsibilities.
  - Initiate training for staff to become certified in areas of primary business line responsibility.
  - Continue to provide internal and external education and awareness regarding best practices in Compliance.
  - Collaborate with subject matter experts to document compliance policies and procedures in the primary business lines of Investments, Health and Retirement.
  - Compile Division correspondence files.
  - Develop desk reference manuals for each business line.
  - Staff to attend industry conferences to keep abreast of industry best practices.
  - Review and evaluate compliance issues or concerns within the CalPERS organization and assist program areas with the development of action plans to establish compliance with all applicable laws, regulations, and policies.
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## Initiate Feasibility Study

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### **Classification Study**

- Established in April of 2004, the Enterprise Compliance program remains a new and relatively unknown function and is unique to public service.
  - Attracting and recruiting candidates with the right skill sets, background and education to establish and maintain the Compliance function has proved to be a recruitment challenge due to the lack of a specific classification that attracts potential candidates interested in emerging field of compliance professionals.
  - CalPERS Human Resources Division helped to identify several classifications for each position that have been utilized for the current recruitments but the skill sets, title, and pay ranges vary widely. Some of the classifications utilized are already recognized as difficult recruitments due to a general shortage in the candidate pool and lack of established and viable eligibility lists.
  - A feasibility study to establish a Compliance Area Manager civil service classification could be considered to enhance future recruitment and retention for the program.
  - The study would first look at available classifications that could be modified to meet these needs. Consideration could be given to partnering with the departments that may utilize a similar compliance program or looking at adding a classification that would expand career path options for an Auditor with business line subject area expertise.
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## Staffing Projections through Fiscal Year 2008-11

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### **Projected Organizational Structure**

- Compliance Area Manager for Infrastructure (Fiscal, Administrative, Human Resources, Operations, Accounting and Information Technology).
- Addition of subordinate business line Analysts (4) to assist Compliance Area Managers with increased monitoring and ongoing research activities. These positions will be phased in based on workload needs justification.
- A Division support analyst to maintain the Compliance Resource Library, develop and make changes to the Web site resource information, and provide high level general administrative work related to all business lines.

<b>Position</b>	<b>Recruitment Target</b>
Compliance Area Manager for Infrastructure	Second Quarter 2007
Analyst – General Support	Fourth Quarter 2007
Support Business Line Analysts (4)	2007-2008 (phased)
<b>Projected Organizational Chart – See Attachment A - 2</b>	

## Planned Program Development - Mature Program

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### Planned Program Development

- The Compliance Area Manager for Infrastructure will meet with subject matter and program experts to assess risk and identify compliance roles and responsibilities.

### Projected Staffing

- Develop department wide training policies and procedures to include training to assure that staff receives appropriate level of compliance training.
  - Establish a Compliance Resource Library with specific topic resource material files.
  - Staff to attend industry conferences to keep abreast of industry best practices.
  - Cross train appropriate staff to assure back-up coverage and to prepare for succession.
  - Initiate external review of Office of Enterprise Compliance duties and existing skill sets to assess adequacy of staffing and operational budget.
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### Budget Considerations

Budget requests will be submitted to augment the budget as necessary to cover the salaries and benefits of new personnel.

### Five Year Plan

A Fiscal Budget Request (FBR) is planned for 2006-07 to augment the budget to incorporate the Assistant Division Chief position at the Staff Services Manager III level on a permanent basis. A FBR is planned for 07/08 to request approval for (4) Business Line Compliance Analysts.

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### The Mature Organization

By 2011, all CalPERS business lines will have a compliance manager working collaboratively with program staff to update, track, evaluate and support the ongoing identification of compliance processes and procedures. The mature organization will consist of a total of 12 staff illustrated in attachment A-2.

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